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OGC Has Reviewed

MEMORANDUM FOR: ^{25X1A}The Record

SUBJECT : -- Interagency Agreement with the Navy

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1. , and I met representatives of the Navy Department today to try to resolve the impasse regarding Section III.D. of the proposed agreement with the Navy for the logistic support to the island of operations. The Navy representatives were R. Adm. Watkins (Deputy CNO--Admin.), Capt. Winfrey (No. 2 to Watkins) and Cdr. Findley (Trust Territories). The subject of dispute refers to the "preservation of security and cover" and is particularly important with regard to the functional relationship between the Navy and this agency not only for this particular island, but as precedent for all subsequent agreements regarding the other areas where the Navy provides us with substantially similar support.

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25X1A 2. The clause as originally drafted by the field survey mission in January 1953 (by the undersigned) and as tentatively approved read:

"Since the nature of the Agency's activities is directly related to the national security, the parties hereto will take every precaution within their own procedures to conceal the true nature of the work involved under this agreement and to accord the relationship an appropriate security classification."

25X1A 3. Subsequent discussions were held in Washington with Lt. Cdr. Her-
rick (Commander Findley's predecessor) and the agreement, without change to this section, was then submitted through Navy channels to CINCPAC and for their comment or concurrence.

4. It should be noted that prior to this, the survey mission to the field encountered strong opposition from Capt. Layton, the intelligence officer on the CINCPAC staff, to the assumption of Navy cover. His objection was based on the idea that the Navy would be precluded from maintaining their position of plausible denial if the operation were a Navy hat. In subsequent discussions between representatives of this Agency, CINCPAC, and CNO, the objection was overridden and discussion of the terms of the draft continued.

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5. The paragraph as returned to Washington from CINCPAC contained only one minor change. The word, "reasonable," was inserted between "every" and "precaution." We, of course, did not demur. However, within the Navy Department, considerable resistance apparently developed and on the basis of the requirements the Navy felt imposed upon them by a Secretary of Defense Directive of 1951, they added the following paragraph:

"The Agency agrees that military facilities will not be utilized to accomplish the movement of personnel or material from a point under military jurisdiction to areas in which or from which Covert Operations are to be launched, and, further, that other very special and effective precautions will be taken as necessary to insure that such operations cannot be attributed to the Department of Defense."

This language, restricting the use of military facilities "from a point under military jurisdiction to areas in which or from which Covert Operations are to be launched," would, in effect, put us out of business, not only in the island concerned but at any other point where logistic support from the Navy was currently being obtained.

6. We suggested our willingness to add in lieu of the Navy paragraph, the following:

"The Agency will take every practicable precaution to preserve to Navy a plausible denial of any relationship to the activities of any covert mission that might be associated with facilities on (the island)."

7. Subsequent conversations with Cdr. Findley indicated that the alternative language suggested by us would not suffice, and that the Navy position with regard to their language was fairly inflexible.

8. During the meeting today, we pointed out that by a Secretary of Defense letter to the DCI dated 6 October 1949, the only requirement imposed thereby was that the movement of supplies and equipment in areas to which or from which covert operations are to be launched would be the responsibility of the Agency. There was no negative prohibition against the use of military facilities to accomplish such movement. [redacted] suggested that our purpose at this time was to follow the appropriate channels in attempting to obtain a mutual understanding that would permit the Agency to continue operations of this type with the aid and assistance of the Navy, and he indicated our willingness to go to the Secretary of Defense if necessary. After some discussion, it appeared that the language the Navy had originally suggested would still be acceptable to the Department of the Defense with the addition of the phrase, "except on authority in each instance of the Commander in Chief, Pacific Fleet," (this phrase modifying the utilization of military facilities). We felt that this language would be satisfactory provided there was appropriate delegation from CINCPAC to [redacted] and possibly lower, to avoid unwieldy

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administrative burdens in obtaining approval every time an individual or a pound of cargo was moved. It was the impression of the Navy representatives that such delegation would be entirely appropriate, and had, in fact, been anticipated by CINCPAC. They felt that, with common sense and good judgment on both sides, a workable relationship could continue along the lines already established. I stated that it would be preferable if they could eliminate the words, "in each instance," but it seems doubtful whether this will be done since these particular words were apparently inserted at the request of Gen. Erskine, our liaison with the Department of Defense.

9. The final language tentatively acceptable to both the Deputy CNO-- (Admin.) and this Agency then reads as the second paragraph:

"The Agency agrees that military facilities will not be utilized, except on authority in each instance of the Commander-in-Chief, Pacific Fleet, to accomplish the movement of personnel or material from a point under military jurisdiction to areas in which or from which Covert Operations are to be launched and, further, that other very special and effective precautions will be taken as necessary to insure that such operations cannot be attributed to the Department of Defense."

10. The above language will apparently now be submitted to the Deputy CNO, Admiral Duncan, and, presumably, to the Department of Defense for final agreement. As previously understood, I presume the tentative draft will then be returned to the Agency in order that the DCI may be briefed before final execution by him and the Secretary of the Navy.



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cc: COA-DD/P

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